
APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

- c) **Security of assets and records.** The only individuals to have access to assets or records are those that are required based on the specific needs of their job. All cash, checks, receipt books, bank statements and other SAF records must be protected against the danger of loss or theft. A functional safe or locked file cabinet must be used to safeguard the assets and records of the SAF.
- d) **Segregation of Incompatible Duties.** An "incompatible" duty is one that would put a single individual in the position of being able to commit an irregularity and then to conceal it. For all transactions, (2) or more persons must be involved in each transaction. This enhances the integrity of the accounting process and encourages accuracy. To achieve this separation of duties, the Principal shall designate one staff person to act as the SAF Business Manager, one staff person to act as the School Banker and two staff members to act as authorized signatories.
- School Banker: This person is responsible for collecting all cash and checks from faculty, students and parents; issuing pre-numbered receipts; maintaining the SAF source documentation (i.e. completed SAF-22 Deposit Forms and SAF Deposit Total Forms with supporting documentation); and making deposits at the bank. All SAF source documentation must be maintained in one central location in an organized fashion so that the documentation is readily available for review by internal or external auditors.
 - SAF Business Manager: This person is responsible for entering the deposit information into the School Funds Online software, preparing checks for signature, maintaining the SAF source documentation (i.e. completed SAF-22 & SAF-23 Forms, Deposit Control Form, Student Remittance Report, invoices, receipts, etc.) and completing the monthly reporting package. The SAF Business Manager is also responsible for ensuring the accuracy and completeness of all SAF source documentation and resolving any outstanding issues related to the SAF.
 - The SAF Business Manager and School Banker cannot be the same person.
 - Authorized Signatories: In addition to the Principal, two staff members will be designated as authorized signatories.
- e) **Two signatures are required on all checks.** Schools must have at least three persons as signatories for the bank account. Any person who acts as a signatory on the SAF will be held responsible for fraud or misuse of the account. At the discretion of the Principal, signatories may be designated or removed from the account. Authorized personnel shall sign all checks by hand. The use of a signature stamp is strictly prohibited. The SAF Business Manager and the School Banker cannot act as signatories on the account and cannot be listed on the signature form. All changes to the authorized bank signatories must be processed through the Office of the Chief Financial Officer.
- f) **Pre-numbered receipts must be issued whenever cash is received for deposit in the SAF.** All schools must use a pre-numbered receipt book with at least three (3) parts software. These receipts must accompany the SAF-22 Deposit Form. All checks received for deposit must be photocopied and attached to the SAF-22 Deposit Form.
- g) **Monthly bank statements must be given to the Principal unopened.** The Principal will review the bank statement for any irregularities. After this review, the bank statement must be signed and dated by the Principal and given to the SAF Business Manager who is responsible for preparing the monthly reporting package.

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- h) Issuing an ATM or debit card is strictly forbidden. Cash withdrawals are strictly forbidden. All disbursements from the SAF must be made by check generated from the School Funds Online (SFO) software.

5) Bank Accounts

Checking Accounts

- a) All Student Activity Fund (SAF) bank accounts are held at Wells Fargo Bank. One checking account is permitted per school for use as the SAF bank account. Every SAF bank account is under the control of and subject to oversight and monitoring by the Office of the Chief Financial Officer. Failure to comply with the policies and procedures established by the Office of the Chief Financial Officer will result in revocation of the SAF.
- b) All bank accounts must be in the name of the school, and not in the name of a school employee, school club, booster group or any individual. Any bank accounts for PTAs, Home School Associations, school employees, or booster groups must be set up using that organizations' name and tax identification number. These groups are strictly forbidden from using the District of Columbia Governments tax identification number and the name of the school on the account.
- c) Bank statements are delivered directly to the individual schools monthly. Only one checking account shall be maintained for all SAF transactions for each school.
- d) When a school has a change in personnel, signature cards at Wells Fargo must be updated. Signature cards are available from the OCFO. Contact the OCFO for new signature cards any time there is a need to change the authorized signatories.
- e) All schools must use voucher style, laser checks which are compatible with the School Funds Online (SFO) Software.
- f) All check stock must contain: (1) District of Columbia Public Schools in line 1 of the account name; (2) the name of the school on line 2 of the account name; (3) at least two signature lines; and (4) must contain the phrase, "Not Valid After 90 Days" on the face of the check.
- g) Individual schools CAN NOT set up bank accounts. This can only be done through the Office of the Chief Financial Officer.

Savings Accounts, Certificates of Deposits and Money Market Accounts

- a) Schools are permitted to have a savings account, certificate of deposit, or money market account. Historically, these types of accounts have been established to fund scholarships for post-secondary education.
- b) Individual schools cannot establish these accounts independently; these accounts must be opened through the Office of the Chief Financial Officer.

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- c) Any school which has one of the accounts listed above must include the account statements with the monthly report packages.
- d) Disbursements cannot be made directly from the savings, CD's or money market accounts. Any withdrawal from these accounts must be deposited in the checking account. All disbursements must be made via check disbursement from the checking account.

6) Receipt and Deposit of Funds

- a) Cash receipts must be deposited intact; this means that all cash collected must be deposited in the SAF bank account. **Disbursements must never be made from cash receipts.** All disbursements must be made by check generated from the School Funds Online (SFO) software. **Failure to comply will result in immediate suspension of the SAF account.**
- b) All checks received for deposit must be made payable to the school. Checks made payable to the School PTA, HSA or PTO should never be deposited into the SAF. Checks and money orders received for deposit must be immediately protected with a restrictive endorsement containing the words "For Deposit Only".
- c) All monies collected, cash or check, must be confirmed by issuing a pre-numbered receipt to each person remitting the monies. Pre-numbered receipts must be issued in numerical sequence. Each school must use pre-numbered receipt books that must be at a minimum in three parts:
 - original receipt – given to the person submitting the money
 - copy 1 – attach to SAF-22 Deposit Form
 - copy 2 - will remain in the receipt book
- d) All funds collected by teachers from students or collections by other employees must be remitted daily to the School Banker. Teachers and other faculty are not permitted to keep money collected from students in the classroom; all monies collected must be turned over to the School Banker daily. The teacher will receive a receipt for the total amount of the money deposited into the school bank.
- e) Funds that are raised via a crowdfunding or fundraising website cannot be deposited into the SAF. Examples would include but are not limited to Go Fund Me, Permission Click and Kickstarter.
- f) Personal checks must not be cashed for DCPS employees or other persons from cash receipts or other school funds.
- g) To provide proper accounting control, cash receipts must be deposited initially in the schools' checking account. Deposits in a savings account must be made by check drawn on the schools' checking account. Withdrawals from savings accounts must be deposited in the school's checking account before being used to make disbursements.
- h) All monies collected from the sale of items in the school store must be supported by cash register receipts.
- i) Timelines for Depositing Funds

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For all schools, bank deposits must be made, at a minimum, on every Wednesday and Friday of the week. Bank deposits can be made as often as is necessary to prevent accumulation of cash on the school premises.

7) Disbursement of Funds

- a) Disbursements from the SAF shall be made in a manner consistent with the principles and purposes of student body funds as stated in Section 1 and 2 of this Manual.
- b) All personnel requesting disbursements from the Student Activity Funds must prepare a SAF-23 Request for Check Disbursement Form. Section I of the form must be completed by the requestor and submitted to the Principal for review and authorization. Section II will be completed by the Principal and the SAF Business Manager. All requests require the Principals' approval prior to preparation of the check disbursement.
- c) All disbursements from the SAF account must have proper supporting documentation attached to each request. The SAF-23 Form must be completed in its' entirety by the requestor. The "purpose section" of the SAF-23 Form must be completed with details that clearly tie the purpose of the disbursement to an authorized extra-curricular activity or event of the school. Reimbursements to staff or faculty for miscellaneous out of pocket classroom expenses are prohibited. School supplies are to be purchased through the operating budget established for each school. Invoices for items that should have been purchased through the operating budget cannot be paid from the SAF. **In short, the SAF cannot be used to circumvent the standard procurement process or supplement the schools' operating budget.**
- d) All SAF-23 Disbursement Requests must be supported with the original documentation. All request forms must have supporting documentation. No check shall be issued from the SAF without the Principal's approval and supporting documentation. Any disbursement made that does not have the corresponding supporting documentation (i.e. authorized SAF-23 form, Itemized receipt or invoice, etc.) may be subject to having to be repaid to the SAF account by the Principal before the next reporting period. Receipts and invoices must be dated within the last 90 days. Expenditures that are more than 90 days old cannot be reimbursed or paid from the SAF. Disbursements which are primarily for the benefit of the school staff or other DCPS employees, such as gifts, social events, cook outs, meals, retirement functions or other staff social activities must be made entirely from available faculty funds. Disbursements related to faculty can never be charged to the General Fund or any other student owned funds.
- e) A written warning will be issued to the Principal on the first occurrence of a disbursement from the SAF that is not allowable per this Manual. A second occurrence of a disbursement from the SAF that is not allowable per this Manual may result in revocation of the SAF account for the remainder of the school year.
- f) All disbursements from the SAF must be for allowable expenditures.
- g) Payments for Personal Services from SAF:

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Students

- It is permissible to pay students small sums of monies for services provided in connection with SAFs.
- All students are exempt from FICA taxes and most are exempt from state and federal income taxes.
- The principal must approve of such requests, and the student must sign beneath the principal's approval signature, to acknowledge receipt of funds.

Independent Contractors

- Persons receiving payments for personal services who are neither DCPS employees nor students shall be assumed to be independent contractors. No deduction for taxes is necessary and no reporting is required unless the aggregate payments to one person in one calendar year exceed \$600.
- If the payment(s) to one person exceed \$600 in one calendar year, a separate file must be kept with the following information: Name, current address, social security number, and total amount paid. This information must be provided to the Office of the Chief Financial Officer by December 31st.

h) Signature on Checks

- In addition to the Principal, at least two employees must be authorized to sign checks.
- All checks must contain two authorized signatures.
- The Principal shall designate via the SAF Designated Personnel Worksheet those school employees who are authorized to sign checks.
- The last spaces to be completed on a check must be the signature spaces. Neither the Principal nor any other school employee should sign a check until both the payee and amount spaces have been completed. In short, checks must never be pre-signed at any time.
- Checks that remain outstanding for more than 90 days must be voided. A stop payment must be placed on any check that is \$100.00 or more. SAF Business Managers must actively review the list of outstanding checks to ensure compliance with this rule.

Allowable and Unallowable Expenditures from SAF: Most disbursements from the SAF may be made without approval or review by the Office of the Chief Financial Officer.

Criminal Background, Traffic Records Checks, and Mandated Reporter Training for Contractors That Provide Direct Services to Children or Youth (includes all DCPS students)

- a) All vendors providing services to DCPS (including independent contractors) shall ensure the following:
 - i. That their employees, contractors, volunteers and other personnel (Contractor Personnel) submit to all background checks required by DCPS, which may include, but is not limited to, a tuberculosis screening and a criminal background check pursuant to the Criminal Background Checks for the Protection of Children Act of 2004 (D.C. Code § 4-1501.01, et seq. (2011)) and any rules promulgated thereunder, including D.C. Mun. Regs. Subt. 6-B, § 412, et seq. (2011). Contractor shall also ensure that all Contractor Personnel who have not submitted to any DCPS-required background check are restricted

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from serving in positions affording such individuals unsupervised direct access to DCPS students while providing service and that such persons at all times avoid unsupervised direct contact with such students.

- ii. That any Contractor Personnel having direct contact with students while providing services to DCPS annually take the mandated reporter training offered by the DC Child and Family Services Agency (Mandated Reporter Training), which is provided for ANY person or employee (private or public) at no cost. This training can be found using the following website: <https://dc.mandatedreporter.org/Registration/Registration.action>. Additional information regarding the Mandated Reporter Training can be found by calling (202) 442-6000 or by visiting <http://cfsa.dc.gov/>. Contractor will ensure that Contractor Personnel report suspected instances of child abuse and neglect according to the requirements of District law and the means prescribed in the Mandated Reporter Training. Contractor must also ensure that its representative responsible for managing this purchase order takes the Mandated Reporter Training annually. Copies of all Mandated Reporter Training certificates verifying Contractor Personnel have completed training must be provided to DCPS (including the school or central office program receiving services) for record keeping. Contractor must also maintain copies of such certificates for its internal records. At any time, DCPS reserves the right to request a copy of a Mandated Reporter Training completion certificate for ANY Contractor Personnel working in direct contact with DCPS students.
- b) Principals are responsible for ensuring the provisions outlined in item "a" of this section are communicated to and adhered to by vendors providing services to DCPS utilizing SAF funds. Questions regarding these provisions should be directed to the Office of Contracting and Acquisitions (OCA).

Allowable Expenditures

- a) Student awards
- b) Costs for field trips with an educational purpose and athletic events approved in accordance with DCPS field trip and athletic policies (excludes transportation costs – see items c & d).
- c) Public transportation costs for approved field trips and athletic events (see item b).
- d) Private chartered bus transportation for approved field trips and athletic events (see item b). All transportation vendors must hold an active Washington Metropolitan Area Transit Commission (WMATC) Certificate of Authority and be listed as active on the WMATC Active Carrier List found at <http://www.wmatc.gov/index.php/carrier-information> (excludes the Washington Metropolitan Area Transit Commission (WMATA)).
 - i. Local Bus Travel (travel within 50 miles of the District of Columbia): Only vendors pre-approved by the DCPS Contracts & Acquisitions Division may be utilized to provide bus transportation to DCPS students. A list of pre-approved vendors is published by the DCPS Contracts & Acquisitions Division and is entitled "Vendors Approved to Provide Transportation Services to DCPS Students."
- e) Purchase of athletic supplies, equipment and uniforms
- f) Student newspapers and publications
- g) General assemblies and student programs (i.e. Honor Roll Assembly)

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- h) Purchase of supplies, materials, membership dues for authorized school clubs & organizations
- i) Event or contest registration fees (i.e. The Spelling Bee, Robotics Competition entry fee)
- j) Payment of student membership dues in organizations
- k) Graduation venues and supplies
- l) Promotional exercises
- m) Graduating Class activities
- n) End of the school year community gatherings (Fun Day)
- o) Purchase of merchandise for sale in school store. Items purchased must be in compliance with the D.C. Healthy Schools Act. Schools must maintain an inventory of all items purchased for sale in the school store. The inventory list must be updated regularly to reflect the purchase of additional inventory and for items sold.

Expenditures Requiring Prior Approval from the Central Office: Any disbursement over \$10,000 or any contract, agreement, or order form with anticipated aggregate expense over \$10,000.

Expenditures Requiring Prior Approval from the Office of the Chief Financial Officer:

- a) Building bulletin boards or other structures, including alterations and attachments thereto
- b) Purchase or lease of equipment which is to be attached to a school building
- c) Purchases made from any DCPS employee
- d) Purchases made for any employee of the DCPS
- e) Purchases made from a partnership or corporation owned by a DCPS employee
- f) Any capital improvement projects including "green roof" projects

Unallowable Expenditures

- a) Non-educational trips of any kind
- b) Gift cards of any value (applies to students and faculty)
- c) Computers, Tablets, MP3 players, iPads
- d) Testing supplies and materials including scantron sheets, calculators, snacks – this includes snacks/incentives for PARCC testing
- e) Cellular phones and internet service (applies to students and faculty)
- f) Rental fees for cars and vans, rideshare fees (Uber, Lyft)
- g) Gas, toll fees, and mileage for travel to student activities and events
- h) Costs for hotel rooms within a 50-mile radius of the school

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- i) Games of chance or raffles
- j) Disbursements which are primarily for the benefit of the school staff or other DCPS employees, such as gifts, socials, BBQ's, meals, retirement functions, faculty/staff meetings, conferences or other staff social activities (unless made from Faculty owned accounts)
- k) Payment for individual membership dues
- l) Repair or maintenance of equipment purchased with DCPS appropriated funds
- m) Payments for security equipment i.e. radios, walkie-talkies
- n) Payments to security officers or custodians for special events held at a DCPS facility
- o) Replacement for items confiscated from students or lost items. Cell Phones that are confiscated by staff members and subsequently misplaced, must be paid for by the staff member that misplaced the cell phone.
- p) Merchandising accommodations, extensions of credit or loans to DCPS employees or to any person other than a pupil; however, small emergency loans for carfare, lunches, and similar items may be made to pupils at the discretion of the principal.
- q) Any disbursement which is prohibited by Federal or District of Columbia Law, or by DCPS policy or regulation
- r) Contributions to charitable organizations, unless funds have been contributed by students for that specific charity
- s) Salaries for services that are a responsibility of the school system or are for school system assignments; all compensation for DCPS employees must be processed through the Office of Payroll
- t) Any expenditure which should be paid from the annual appropriated budget. Examples include computers and accessories, textbooks, recurring contracts, postage, materials for the annual enrollment fair and testing supplies
- u) Alcoholic Beverages of any kind (applies to students and faculty)
- v) Travel and training expenses for DCPS employees including ROTC instructors and Athletic Coaches. This includes but is not limited to hotel costs, transportation costs, conference registration fees, professional development, food and per diem.
- w) Third Party reimbursements and reimbursements to non DCPS Staff members; Staff or Faculty cannot be reimbursed for expenses that were incurred by another employee, parent, or student. Non- DCPS employees cannot be reimbursed for goods/services that they paid for on the behalf of the school.
- x) Stipends for DCPS employees or non DCPS employees
- y) Medical treatments for students and/or staff members including physicals for students participating in Athletic Programs unless provided by the DCPS Athletic Department
- z) Disbursements related to Teacher Appreciation Week i.e. gifts, meals, entertainment, etc.

8) Accounting & Reporting

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Accounting: Book of Record

- a) Accounting records for SAFs must be maintained using the School Funds Online (SFO) software.
- b) School Funds Online GL Accounts: All transactions, checks and deposits, must be recorded in the appropriate GL account in School Funds Online (SFO).
- c) The School Funds Online (SFO) ledger must be current through the fiscal year to provide Principals and activity sponsors with accurate information on any given GL account. Financial reports must be prepared cumulatively to provide the accurate GL account balance as of a certain point in time.

Broad Categories of GL Accounts in School Funds Online

There are four (4) broad categories GL accounts in School Funds Online. These are:

- a) **General Fund Accounts** - Consists of unrestricted funds owned by the student body. Some of the sources of the general fund are:
 - Unsolicited donations of \$500 or less
 - Profits from the operation of vending machines in areas accessible to students
 - Money earned from student body fund-raising activities
 - Profits from the school store, ticket sales from athletic events and other approved school activities
 - These Unrestricted General Funds will be disbursed at the discretion of the Principal.
- b) **Class, Club and Organization Accounts** - This would include accounts such as the National Honor Society, Future Business Leaders of America, Student Government, concert choir, Class of 2019 and others. The following principles shall govern the maintenance of class, club and organization accounts:
 - Any balance remaining in the account of a graduating class after the class has graduated and has had an opportunity to determine the disposition of the balance, must be closed out to the General Fund at the beginning of the next school year.
 - Any balance remaining in the account of an inactive club after the club has had an opportunity to determine the disposition of the balance must be closed out to the General Fund at the beginning of the next school year.
- c) **School Activities Accounts** - This would include accounts such as school store, homecoming dances, etc.
- d) **Athletic Accounts** – This would include accounts such as cheerleading, football, girls' basketball, lacrosse, etc.

9) Reporting

Monthly bank statements must be delivered unopened directly to the Principal. The Principal must review the bank statement, the cancelled checks (if received with the bank statement), and other bank documents and thereafter arrange for the SAF Business Manager to submit the proper accounting forms. It is imperative that the Principal review the bank statement and corresponding forms for accuracy and irregularities. The required documentation must be uploaded into School Funds Online by the 15th day following the close of the month. All monthly reports are reviewed by personnel of the OCFO. Principals and SAF Business Managers will receive notification of any errors or

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policy violations upon review of the reports. Failure to submit the report packages timely and accurately for 2 consecutive months will result in immediate revocation of the SAF for the remainder of the school year.

Schools with no activity during the month are still required to submit a monthly report by the 15th of the following month.

Monthly Reporting Requirements: No later than the 15th day of each month, the Principal must ensure that the following items are submitted electronically to the OCFO:

- SAF Monthly Report Package Cover Sheet signed by the Principal
- Monthly Wells Fargo bank statement signed by the Principal
- Most recent statement available for CD, Money Market or Savings Accounts if applicable
- Completed SAF-23 Check Disbursement Forms with Supporting Documentation must be uploaded to School Funds Online (SFO)
- Completed SAF-22 Deposit Forms, Student Remittance Reports and Deposit Control Forms with Supporting Documentation must be uploaded to School Funds Online (SFO)
- Completed Donation Drop Off Form signed by the Donor and a member of the school staff (this form should be included in the Deposit Forms)
- Year to Date Report generated from School Funds Online (SFO) signed by the Principal and SAF Business Manager – this report provides the year to date balances and activity of the various activity accounts

10) Protection of Funds

- a) Funds stored overnight at the school must be kept in a locked safe.
- b) Blank checks, pre-numbered receipt books, cash equivalents and other important documents must be maintained in a locked cabinet or safe.
- c) The combination to the safe shall be limited to only those persons with a continuous need for free access to the safe.
- d) The safe combination must be changed whenever a person who has the combination leaves the school or is transferred to a position where she or he no longer has a continuous need for free access to the safe.
- e) DCPS employees and students must be instructed never to attempt to thwart a robbery in the school.
- f) In event of a theft or break-in, the following persons/agencies must be notified immediately: (a) the Metropolitan Police Department; (b) the Security Division; and (c) the Office of the Chief Financial Officer. Failure to do so may result in the suspension or termination of the SAF.

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11) Residual Student Activity Funds of Closed Schools

- a) SAFs will be transferred between schools only when a school is closed. The gain or loss of a grade, or the gain or loss of students due to boundary changes, will not result in the transfer of SAFs between schools unless a school closing is also involved.
- b) The policy for allocating the funds (other than trust funds) of closed schools is based on duplicating, so far as possible, the situation which would have prevailed if the school had not closed. The funds will be allocated to the new receiving schools in proportion to the number of students to be newly assigned to each, in the school year following the closing, who would have attended the school had it remained open.
- c) Only those schools which receive students from within the boundaries of a closed school shall be entitled to any portion of the closed school's funds. The fact that, at the time of closing, some of the receiving school's students are reassigned to a third school, does not entitle the third school, to any portion of funds of the closed school.

Record Retention Schedule

<u>Record Description</u>	<u>Retention Period</u>
1. End of the Year Financial Statements	7 years
2. Journals	7 years
3. Ledgers	7 years
4. Audit Reports and Correspondence	7 years
5. Records of Investigations	7 years
6. Bank Statements and Reconciliations	7 years
7. Cancelled Checks & Deposit Slips	7 years
8. Saving Account Passbooks	7 years
9. Expense Vouchers with documentation	7 years
10. Invoices from vendors with documentation	7 years

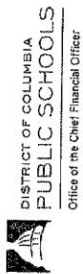
Audit of SAFs

- 1. Student Activity funds may be audited annually by a firm of independent certified public accountants. This type of audit is conducted annually in connection with the yearly preparation of the Comprehensive Annual Financial Report (CAFR).
- 2. Unscheduled audits or reviews shall be performed by the Compliance & Policy- Audits & Risk Management Team and the Office of the Chief Financial Officer.
- 3. These audits shall be performed in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditor's procedures as considered necessary under the circumstances.
- 4. At the time of the audit or review, the following records must be made available to the auditor(s):
 - a. Check stock
 - b. Cash receipts book(s)

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- c. SAF-23 forms with supporting documentation
 - d. Monthly Bank Reconciliation Reports
 - e. Bank statements and cancelled checks for each month for the period being audited.
 - f. Supporting records of cash receipts (including receipt books, SAF Deposit Forms)
 - g. Unpaid invoices and obligations; and
 - h. Any other documents requested by the auditors
5. Audited SAF transactions shall be consolidated and reported as an Agency Fund in the Comprehensive Annual Financial Report (CAFR) of the DCPS.
6. Upon entering a new assignment, the Principal should study the financial reports and audit reports to become aware of the financial condition of the SAF.

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Receipt and Acknowledgement

SY 2019-2020 Instructions for Administering District of Columbia Public Schools Student Activity Fund (SAF) Account

I hereby certify that I have received and read the documents listed below:

1. Student Activity Fund Manual, effective date August 2019; This Manual provides the policies & procedures that govern all DCPS Student Activity Fund accounts.
2. Office of the Mayor, Office of Partnerships & Grants Donations Handbook: This Handbook provides the guidelines and processes for solicitation and acceptance of private donations for all agencies of the Government of the District of Columbia.

School Name _____

Printed Name _____

Printed Title _____

Signature _____

Date _____

The original signed receipt should be sent to:

Office of the Chief Financial Officer
District of Columbia Public Schools
Attention: Accounting Department – Student Activity Funds
1200 1st St. NE – 11th Floor
Washington, DC 20002

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ATTACHMENT II

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
EDUCATION CLUSTER



MEMORANDUM

TO: Instructional Superintendents
DCPS Principals
District of Columbia Public Schools

THROUGH: [REDACTED]

FROM: [REDACTED]

DATE: September 12, 2019

SUBJECT: Adherence to SY 2019-2020 Student Activity Fund (SAF) Policy & Procedure

On August 28, 2019 DCPS Principals received the annual Student Activity Fund (SAF) activation procedures and requirements. Each school year DCPS Principals are required to complete the activation procedures in order to gain access to the SAF account for the new school year. Please be advised that, for the 2019-2020 school year, the Office of the Chief Financial Officer (OCFO) will strictly enforce the procedures, guidelines, and penalties contained in the Student Activity Fund (SAF) Standard Operating Procedure Manual (the Manual), as revised August 2019. The SAF Manual documents the policies and procedures for use and administration of the SAF account, and strictly prohibits use of the SAF account for any other reason.

The SAF Manual requires that:

1. All school staff involved in the administration of the SAF to read the Manual and complete training before gaining access to the SAF account.
2. The SAF Business Manager to submit the monthly reporting package by the 15th day of the month which includes:
 - a. The bank statement signed by the Principal,
 - b. the Year-to-Date Report generated from School Funds Online (SFO) software signed by the Principal, and

1200 First Street, N.E., 11th Floor, Washington, D.C. 20002
Phone: (202) 442-5800 Fax: (202) 442-5305

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
EDUCATION CLUSTER



- c. the Monthly Report Cover Sheet with the Statement of Declaration certifying that all activity has been reviewed and is in full compliance with all SAF requirements, signed by the Principal.

Failure to submit the monthly report package timely and accurately for 2 consecutive months will result in immediate revocation of the SAF for the remainder of the school year.

3. A written warning be sent to the Principal on the first occurrence of a disbursement from the SAF that is not allowable per the Manual. A second occurrence of a disbursement from the SAF that is not allowable per the Manual may result in revocation of the SAF account for the remainder of the school year.
4. Prior written approval by the Principal and supporting documentation is required for all disbursements from the SAF. Any disbursement that does not have supporting documentation may be subject to having to be repaid by the Principal before the next reporting period.
5. The Principal to investigate the cause of any negative balance in the SAF account and take corrective action to eliminate the negative balance. All negative balances must be resolved monthly.

Per the activation memo dated August 28, 2019, any school that has negative activity account balances in School Funds Online (SFO), or is delinquent with any monthly report packages from SY2018-2019, will not gain access to the SAF for SY2019-2020 until all reporting requirements are current and complete.

If you have questions, please contact Accounting Officer Tanya Francis at tanya.francis@dc.gov or at (202) 442-5244.

Attachments:

- Student Activity Fund (SAF) Standard Operating Procedure Manual, revised August 2019
- SY2019-2020 Student Activity Fund (SAF) Activation Memo

cc: Lewis D. Ferebee, Chancellor
Amy Maisterra, Deputy Chancellor

[Redacted]
[Redacted]
[Redacted]

1200 First Street, N.E., 11th Floor, Washington, D.C. 20002
Phone: (202) 442-5300 Fax: (202) 442-5305

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

[REDACTED] (OCFO-DCPS)

From: [REDACTED] (OCFO-DCPS)
Sent: Wednesday, August 28, 2019 12:04 PM
To: [REDACTED] gov;
[REDACTED] dc.gov;
[REDACTED] 2.dc.gov;
[REDACTED] .dc.gov;
[REDACTED] .gov;
[REDACTED] dc.gov;
[REDACTED] ov;
[REDACTED] ov;
[REDACTED] .gov;
[REDACTED] .gov;
[REDACTED] ov;
[REDACTED] dc.gov;
[REDACTED] dc.gov;

Cc: [REDACTED]

Subject: (OCFO-DCPS) SY19-20 Student Activity Fund Activation Process
Attachments: Activation Memo.pdf; SAF Manual Receipt Acknowledgement form.pdf; SAF Personnel Designation Worksheet SY19-20.pdf; SAF Policy Manual Revised as of August 26,

1

APPENDIX D. DCPS' AND OCFO'S RESPONSES TO DRAFT

Attachments:

2019.pdf; Donations Handbook.pdf; SY19-20 SAF Training Presentation Principal.ppt; SY19-20 SAF Training Presentation SAF BM.ppt; SY19-20 SAF Training Presentation School Banker.ppt; SY19-20 SAF Training Presentation Signatory 1.ppt; SY19-20 SAF Training Presentation Signatory 2.ppt; SAF 22 Deposit Form.pdf; SAF 23 Request for Check Disbursement.pdf; SAF Deposit Control Form.pdf; SAF FORM SRR Student Remittance Report revised 8-21-17.pdf; SAF Monthly Report Package Cover Sheet-SY19-20.pdf

Good Afternoon,

Please see the attached documents regarding the activation of the Student Activity Fund for SY 19-20.

Respectfully,



APPENDIX E. MAR AND DCPS' RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



March 11, 2019

Lewis D. Ferebee
Chancellor
District of Columbia Public Schools
1200 First Street, N.E.
Washington, D.C. 20002

Dear Chancellor Ferebee:

I am sending this Management Alert Report (MAR 19-I-001) to inform you of a matter discovered during an inspection of the District of Columbia Public Schools' (DCPS) oversight and monitoring of Student Activity Funds (SAF). The OIG found that revenue from renting Woodrow Wilson High School's (Wilson) building and grounds is deposited into its SAF account, in violation of the D.C. Code and potentially the federal Anti-Deficiency Act (ADA). This rental revenue is deposited with other SAF-related revenue and spent on both allowable extracurricular activities and school expenses in violation of the Office of the Chief Financial Officer's (OCFO) District of Columbia Public Schools Standard Operating Procedure Manual for SAFs (OCFO Manual). This MAR provides three recommendations to address the current rental revenue practice at Wilson. Rather than communicating this information in the final report of inspection, I am sending this MAR because I believe the matter requires immediate attention.

Background

Superintendent's Directive 623, dated September 14, 1992, authorizes SAFs to "finance the recognized extra-curricular activities of student bodies of the District of Columbia Schools Public Schools (DCPS)." OCFO's Manual provides requirements for SAFs and states that the school principal is responsible for the effectiveness of the SAF's internal controls at the school-level and has ultimate responsibility for SAF accounts.

Both OCFO and DCPS play a role regarding SAF oversight. School business managers (BM) must submit monthly reports to the OCFO. The monthly reports include deposits, disbursements, supporting documentation, a signed cover sheet, a year-to-date report noting account balances, and a bank statement. OCFO accountants review these monthly reports to verify whether all SAF activity was allowable according to the OCFO Manual, and follow up with the school regarding questions or potentially unallowable disbursements or deposits. Additionally, OCFO accountants compare bank statements to school records each month and perform reconciliation. In tandem with OCFO's oversight, the DCPS Compliance Office conducts audits of SAF accounts that include interviews with DCPS school staff and documentation reviews. DCPS publishes its findings and recommendations in audit reports and

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transmits them to the schools. The schools provide written responses wherein they can agree or disagree with audit report findings and recommendations.

Historical Record of Wilson Facility Rental Practices

In November 2005, the DCPS Superintendent and Wilson executed an MOU that provided Wilson, "as a model for other DCPS high-achieving high schools, may receive greater fiscal and other resources, authorities, and autonomy within DCPS . . . to more effectively carry out its vital educational goals to the betterment of our City's students." It noted that the "New Relationship may entail the creation of a not-for-profit entity to assist in carrying out certain WHHS [Wilson] authorities and obligations."¹ Wilson Management Corporation (WMC), a 501(c) (3), was formed in 2008. The OIG reviewed WMC's 2008 Field Use Manual and its revised Field Use Manual from 2009; these manuals appear to be the documents that governed the relationship between WMC and Wilson (and included provisions regarding use agreements, conflicts of interest, how to spend rental revenues, etc.). From 2008 to 2012, WMC's tax returns show it received upwards of \$700,000 in revenue, presumably from rentals of Wilson facilities. Around 2012,² WMC stopped managing the rental process for Wilson's facilities. This appears to be when Wilson began to deposit rental revenues in its SAF account.

WILSON'S ESTABLISHED PRACTICE OF DEPOSITING RENTAL REVENUE INTO ITS SAF IS IN VIOLATION OF THE D.C. CODE AND POTENTIALLY THE FEDERAL ANTI-DEFICIENCY ACT, AND EXPOSES THE DISTRICT TO RISK AND LEGAL LIABILITY

The federal Anti-Deficiency Act (ADA) comprises multiple U.S. Code provisions, in particular 31 U.S.C. §§ 1341-1342 and 1349-1351, which, according to D.C. Code § 47-105, are "extended and . . . applicable in all respects" to District appropriations.³ Under principles of federal appropriations law, 31 U.S.C. § 3302(b), known as the Miscellaneous Receipts Statute, requires that any money a federal agency receives from any source outside of its Congressional appropriations be deposited in the general fund of the Treasury unless otherwise provided. The Mayor controls District of Columbia Public Schools⁴ and D.C. Code § 38-172(b) grants the Mayor discretion to delegate authority for "efficient and sound administration" of DCPS,

¹ This MOU expired after 12 months if no new agreement was entered. The OIG does not know whether a new agreement was executed. During the pendency of this agreement, further formal pursuits of a charter school feasibility study for Wilson were deferred.

² Around 2012, OCFO was working out the logistics of setting up an O-type fund for Wilson for ticket sales and rental agreements. In furtherance of this O-type account, in July 2012, the D.C. Council passed emergency legislation that could authorize a new, broader agreement with WMC. This vehicle does not appear to have been used because it was emergency legislation (and only in effect for 90 days) and its authority lapsed, but it provided a fund that allowed DCPS to collect funds from ticket sales at school events and from the rental of school facilities by outside groups and deposit them in the "Public Schools Revenue Generation Fund".

³ See also D.C. Code § 1-206.03(e) (District of Columbia Home Rule Act noting that nothing contained in the chapter affects the applicability of the above-listed U.S.C. provisions to the District). In addition to the federal ADA, the District has its own Anti-Deficiency provisions that also govern District appropriations. See D.C. Code §§ 47-355.01 – 355.08.

⁴ The Mayor controls DCPS in accordance with authority granted in D.C. Code § 38-172(a), to include authorities previously granted to the Board of Education as set forth in D.C. Code § 38-101, such as control of school buildings.

APPENDIX E. MAR AND DCPS' RESPONSE

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including leasing school buildings and executing use agreements. DCPS' website *Use of School Facilities and Grounds*, states the Mayor delegated authority to DGS to execute use agreements for DCPS facilities to generate rental income. D.C. Code §§ 38-401(c)-(c-1) direct that:

[a]ll fees and proceeds derived from licenses or use agreements entered [for the use of public school buildings, etc.] shall be paid to the [District] Treasury ... and accounted for in the General Fund as a separate revenue source allocable to provide authority for the [Mayor] to expend for the custody, cleaning, heating, air-conditioning, lighting, maintenance, security, and improvement of public school buildings and grounds, and the management of these licenses and use agreements All proceeds received ... for leasing school buildings shall be deposited into the unrestricted fund balance of the General Fund of the District of Columbia.⁵

As D.C. Code § 38-401 grants the District specific statutory authority to augment a Congressional appropriation for the District of Columbia government, a failure to deposit rental revenue in the General Fund for its intended use may arguably constitute an unlawful augmentation of DCPS and Wilson's budget.⁶ If there is a violation of the ADA, it can cause administrative sanctions, including employee suspension from duty without pay or removal from office, and even criminal penalties.⁷

Although proceeds from rental revenues are required by the D.C. Code to be deposited into the Treasury of the District of Columbia and accounted for as a separate revenue source for school maintenance and grounds, this money is instead deposited into Wilson's SAF account.⁸ Our fieldwork determined these totals for Wilson's rental revenue for the last 2 school years. See Table 1.

⁵ We note that D.C. Code § 38-401(c) is the current codification of the District of Columbia Board of Education Leasing Authority Act of 1982, Law 4-158, effective Sept. 29, 1982. However, in accordance with the Fiscal Year 2012 Budget Support Act of 2011, D.C. Code § 38-401(c-1) is effective as of Oct. 1, 2011. When these D.C. Code sections are read in tandem with D.C. Code § 1-204.50 (the Home Rule Act), DCPS is required to deposit rental revenues where statutorily provided. D.C. Code § 1-204.50 states, "All money received by any agency, officer, or employee of the District in its or his official capacity shall belong to the District government and shall be paid promptly to the Mayor for deposit in the appropriate fund"

⁶ Title 31 U.S.C. § 1341 and D.C. Code § 47-355.02 prohibit District government employees from making or obligating expenditures in excess of what has been authorized. Title 31 U.S.C. § 3302(b), along with other federal statutes, forms the basis for the prohibition on augmenting funds. Whether it, the federal ADA, and the District's ADA provisions have been violated must be determined by the Board of Review for Anti-Deficiency Violations (BRADV). See D.C. Code § 47-355.07.

⁷ See 31 U.S.C. §§ 1518, 1519, 1349 & 1350 (including a fine of not more than \$5,000, imprisonment for not more than 2 years, or both). Title 31 U.S.C. § 1517(b) also states that if a District employee violates the federal ADA, a report must be made to the President and Congress of all relevant facts and actions taken.

⁸ The team also notes that the rental revenue issue may extend beyond Wilson. During the course of fieldwork, the OIG encountered allegations of rental revenue being deposited into the SAF at other schools.

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Table 1: Wilson Rental Revenue

School Year	Rental Revenue
2016-2017	\$165,363.58
2017-2018	\$172,251.00

This practice exposes the District to legal liability. Further, Wilson is using money meant to be spent on maintaining and securing all public school buildings and grounds, and instead depositing it into its SAF account, denying the District funds that can be used for all DCPS facilities.

WILSON RENTAL PRACTICES WERE LARGELY CREATED BASED ON “BEST JUDGMENT” AND WERE NOT THOROUGHLY VETTED NOR CONSISTENTLY APPLIED; THESE PRACTICES MAY EXPOSE THE DISTRICT TO SIGNIFICANT RISK

Current criteria establishes that DGS should manage the DCPS rental processes. D.C. Code § 10-551.01 establishes DGS as a subordinate agency within the executive branch of the District government, and includes in its functions to “[m]anage space in buildings and adjacent areas operated and leased by the District government [.]” Likewise, DGS’ website states it manages space in District buildings and adjacent areas.¹⁰

DCPS’ *Use of School Facilities and Grounds* webpage details the rental process for DCPS school facilities and grounds. This webpage informs applicants to fill out an application and submit it to DGS’s Realty Office. DGS employees review these agreements for completeness and send them to DCPS for a security assessment. DGS requires renters to sign a use agreement,¹¹ which contains provisions governing the use of DCPS facilities. For example, the agreement states: “The User is responsible for the removal of all equipment and supplies immediately after each daily usage” The fee schedule, requirements for use (e.g., insurance, security), and prohibited uses (e.g., gambling) are listed on DCPS’ website. Wilson’s rental practices vary from this requirement and are described in more detail below.

Wilson Use Agreement

The OIG was advised that Wilson developed its own use agreement (separate from DGS’s use agreement) for rentals “to provide consistency and accountability within the business office, but no input was received when creating the document.” No evidence suggests this use agreement underwent a legal sufficiency review. The resulting use agreements appear unauthorized and may not have the power to bind the District. Further, the contractual provisions present in the use agreement may not protect the District if an accident or other event that results in injury or damage to school property occurs during the course of a rental. The OIG also reviewed draft

¹⁰ See DGS website, <https://dgs.dc.gov/dgs-properties> (last visited Jan. 4, 2019).

¹¹ Title 5E DCMR § 3504 requires a use agreement for school facility rentals.

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DCPS Compliance audit documentation showing potential instances when Wilson did not require renters to sign this agreement, and therefore renters may not have been bound by its provisions.¹²

DGS Approval of Some Wilson Rentals

The OIG learned that some Wilson rentals are sent to DGS for approval after Wilson charges its own in-house rental fees, while others are not. Renters subject to both DGS and Wilson rental processes sign both Wilson and DGS use agreements and must pay fees to both DGS and Wilson.¹³ The rationale for which rentals are submitted to DGS seems based on the employee's "best judgment."¹⁴ One individual informed the OIG that field rentals are not submitted to DGS for approval. Another Wilson employee indicated that in the past neither field rentals nor recurring rentals were sent to DGS for approval. When rentals are not submitted to DGS, a use agreement is not signed. Rentals not sent to DGS may lack adequate security and custodial services. Although Wilson employees noted that they make sure renters have insurance and indemnification forms, this practice is still outside of legal and regulatory requirements.¹⁵

WILSON'S SAF ACCOUNT, BOLSTERED BY RENTAL REVENUES, WAS USED TO FUND IMPERMISSIBLE PURCHASES, INCLUDING COACHING STIPENDS AND SCHOOL OPERATIONAL EXPENSES

The OCFO's *District of Columbia Public Schools Standard Operating Procedure Manual Student Activity Fund* states that SAF accounts "are provided as a means to finance and manage the extra-curricular activities that enhance the students' overall educational experience." Appropriated local funds are used for regular school functions (salaries, educational supplies, maintenance supplies, etc.), while SAF accounts are a means to finance only extracurricular activities. SAF training documents, signed by school principals and others responsible for SAF-related duties at the school level, indicate that school staff read and reviewed the OCFO Manual and agreed to "[m]onitor[] all activity to ensure compliance with the SAF Policy Manual"

Interviewees informed the OIG that because of Wilson's rental revenue practice, Wilson can offer additional club sports and activities. For example, the SAF was used to pay coaching stipends at Wilson through school year 2017-2018.¹⁶ The OIG was informed that in school year 2017-2018, eight check requests for club coach stipends were paid out of the SAF totaling

¹² It remains unclear whether all renters currently sign Wilson's use agreements (the current BM stated that they do, but draft Wilson audit reports noted that documentation of use agreements was not maintained for 38% of renters).

¹³ The Wilson fee schedule is higher than the DGS fee schedule and appears based on market rent. For example, Wilson charges \$250 to rent its auditorium while DGS charges \$70 or \$137 (depending on whether the rental is for an adult or children's event).

¹⁴ For school year 2017-2018, DGS reported that Wilson sent 14 use agreements/rentals to DGS for approval, and the renters were charged \$3,032 in total for rental fees (not including other fees, e.g., the security fee) by DGS during this time period. The rental fees Wilson collected for that same time period totaled \$172,251.

¹⁵ Draft Wilson audit reports noted that insurance documentation was not maintained for approximately 78% of renters at Wilson.

¹⁶ Currently, the SAF is not used to pay stipends because OCFO will not approve these check issuances. Wilson has limited access to write checks out of its SAF; interviewees noted that because of repeated SAF-related violations every Wilson SAF disbursement must be approved by OCFO.

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\$12,900.¹⁷ Besides coaching stipends, Wilson also used rental revenue money for regular school operations. For example, in 2014-2015, DCPS compliance auditors identified \$14,947.07 in operating costs for the school paid from the SAF (e.g., pest services, fire protection).¹⁸ These payments were in violation of the OCFO Manual. Because the SAF was used to pay for operational costs at Wilson, the true cost of operating Wilson was not captured by its appropriated budget, but augmented with the SAF account.

WILSON'S LONG-STANDING RENTAL REVENUE PRACTICE CONTINUED DESPITE DCPS AND OCFO AWARENESS

Both OCFO and DCPS have a role regarding SAF oversight. According to an interviewee, although general "monitoring" of SAFs is conducted on the OCFO-side because OCFO "owns the process," DCPS manages the people in charge of SAF processes at the school-level. Both DCPS and OCFO should identify and cure SAF-related deficiencies.

OCFO and DCPS knew the rental revenue practice at Wilson. For example, a September 2015 email shows Wilson sought clarification from OCFO regarding how to deposit facility rental money to avoid a litigious situation. Further, an email from November 2015 shows DCPS' knowledge of Wilson's rental revenue practice. Additionally, DCPS conducted a 2016 compliance audit at Wilson that identified problems with its rental revenue practice, but the report was never published.

The OIG reviewed DCPS' draft Wilson audit reports from 2016 and noted that they were detailed and, according to interviewees, resulted from months of fieldwork but never published. The OIG was advised that the audit findings were not communicated to Wilson in writing, despite the serious nature of what was found, including findings related to the rental revenue practice as well as other SAF-related deficiencies. The OIG reviewed three draft audit reports dated August 2016 and one dated October 2016. The October 2016 draft omitted the rental revenue issue. As this report is later in time, this information may have been purposefully removed from the report. There was also a management letter dated April 2017 that discussed the rental revenue issue; however, interviewees informed the OIG that the school never received it. Wilson has not been re-audited since 2016.

It is not clear to the OIG why DCPS identified the rental revenue process at Wilson as problematic but never published its findings or required Wilson to stop this practice. The OIG received conflicting information about why this report was not published, and questioned the veracity of some of the purported reasons provided (e.g., the report was not up to standards; there was a change in management and sick leave taken at the time that caused the report not to be published).

¹⁷ A DCPS policy entitled *Additional Compensation Procedures for the 2018-2019 School Year* provides protocols for stipends. It allows extra-duty pay and stipend pay for some individuals for coaching activities at DCPS schools (both DCPS and non-DCPS employees). The policy provides a table showing the amount coaches may be paid. The policy notes, "No other activities and/or amounts will be compensated."

¹⁸ NOTE: Although this figure is from a draft report and may not be a final figure, it shows that the audit determined SAF funds were used for regular school operational functions.

APPENDIX E. MAR AND DCPS' RESPONSE

Chancellor Ferebee
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Audit reports cannot effect change if they are not published and remediation and follow-up do not occur. Ultimately, the Wilson DCPS audit report was not published despite the serious nature of the rental revenue finding (and other findings addressing SAF-related deficiencies). As a result, Wilson could not address the findings and recommendations. In addition, OCFO and DCPS awareness of Wilson's rental revenue practice, coupled with the lack of action to correct it, may have served as an indirect endorsement of this practice.

Based on the above observations and findings, we recommend that the Chancellor, DCPS:

- (1) Direct Wilson to forward all requests for buildings and grounds to DGS, and for DGS to deposit the money into the proper fund, as required by the D.C. Code.

Agree _____ Disagree _____

- (2) Implement a process at Wilson to ensure all disbursements and deposits conform to SAF policies and procedures.

Agree _____ Disagree _____

- (3) Assess rental revenue practices at all DCPS schools to determine compliance with the D.C. Code and SAF requirements.

Agree _____ Disagree _____

CONCLUSION

In renting out its building and grounds, Wilson did not comply with applicable D.C. Code, DCMR, DCPS, and OCFO requirements. By depositing rental revenue into its SAF account, Wilson may have improperly augmented its appropriation. As a result, the OIG will refer this issue to the District's Board of Review for Anti-Deficiency Violations (BRAD-V) for review. There is also a potential liability issue with these rentals, as Wilson and the District may not be protected if there is an injury, accident, or other incident during the course of a rental and there is inadequate insurance or no binding contractual provisions in place. The OIG also recognizes that Wilson's rental arrangements may carry with them a risk of fraud, as the rental process is conducted internally with little external oversight.

Please provide your comments to this MAR by March 22, 2019. Your response should include: (1) actions taken or planned; (2) dates for completion of planned activities; and (3) reasons for any disagreement with the issue and recommendations presented. Please distribute this MAR only to those who will be directly involved in preparing your response.

APPENDIX E. MAR AND DCPS' RESPONSE

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If you have questions prior to preparing your response, please contact me or Edward Farley, Assistant Inspector General for Inspections and Evaluations at (202) 727-2540 or Edward.Farley@dc.gov.

Sincerely,


Daniel W. Lucas
Inspector General

DWL/al

DISTRIBUTION:

The Honorable Muriel Bowser, Mayor, District of Columbia, Attention: Betsy Cavendish (via email)
Mr. Rashad M. Young, City Administrator, District of Columbia (via email)
Mr. Jeffrey S. DeWitt, Chief Financial Officer, Office of the Chief Financial Officer (via email)
Ms. Angell Jacobs, Chairperson, Board of Review for Anti-Deficiency Violations, District of Columbia (via email)
Mr. Keith A. Anderson, Director, D.C. Department of General Services (via email)
Mr. Jed Ross, Chief Risk Officer, Office of Risk Management (via email)

APPENDIX E. MAR AND DCPS' RESPONSE



April 2, 2019

Daniel W. Lucas
Inspector General
Government of the District of Columbia
717 14th Street, NW
Washington, DC 20005

Dear Mr. Lucas:

This letter responds to your March 11, 2019 Management Alert Report (MAR 19-I-001) regarding the Student Activity Fund (SAF) at Woodrow Wilson High School (Wilson). The MAR finds that revenue from renting Wilson's building and grounds is being deposited improperly into its SAF account and, along with other SAF-related revenue, is being spent on both allowable extracurricular activities and unallowable school expenses in violation of the Office of the Chief Financial Officer's (OCFO) procedures for SAFs.

The MAR provides three recommendations to address these rental revenue practices at Wilson and requests a response from DCPS that includes whether DCPS agrees with the recommendation, any actions taken or planned to address the findings in the MAR and dates for completion of any actions taken or planned, or the basis for any disagreement with the issue and recommendations presented. We understand that there will be a final report of inspection and DCPS may address certain conclusions at that time. This letter focuses on the recommendations in the MAR and DCPS' planned actions to address those recommendations.

The first recommendation is that DCPS "[d]irect Wilson to forward all requests for buildings and grounds to DGS, and for DGS to deposit the money into the proper fund, as required by the D.C. Code." DCPS agrees with this recommendation and has already taken steps to address the issue. On March 25, 2019, the Wilson Principal sent a letter to all entities with current or recent facility rental agreements informing them that, effective immediately, all future facility rentals must be submitted to the Department of General Services (DGS). Going forward, persons or entities seeking to rent Wilson facilities will be directed to follow the DGS process. We look forward to working with our DGS partners to continue to maximize use of Wilson facilities by members of the public. There are, however, 12 facility rental agreements currently in place, all of which with one exception are scheduled to expire in May or June 2019. (One agreement, for \$2500, is scheduled to expire in August 2019.) Although DCPS recognizes the seriousness of the matters identified in the MAR, abruptly terminating existing agreements, some of which reflect multi-year relationships, would be extremely disruptive to community members and groups who have relied in good faith on that process.

The second recommendation is that DCPS "[i]mplement a process at Wilson to ensure all disbursements and deposits conform to SAF policies and procedures." DCPS agrees with this recommendation. The Wilson Principal has already reiterated the importance of complying with SAF policies and procedures

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APPENDIX E. MAR AND DCPS' RESPONSE

to her business staff. DCPS Central Office will provide additional retraining to Wilson staff no later than April 30, 2019 to ensure that disbursements and deposits conform to SAF requirements.

The third recommendation is that DCPS “[a]ssess rental revenue practices at all DCPS schools to determine compliance with the D.C. Code and SAF requirements.” DCPS agrees with this recommendation. DCPS will assess rental revenue practices at its schools before the September 30, 2019 end of Fiscal Year 2019.

Thank you for the opportunity to address these matters.

Sincerely,



Lewis D. Ferebee
Chancellor
District of Columbia Public Schools

cc: Betsy Cavendish, General Counsel to the Mayor (via email)
Rashad M. Young, City Administrator, District of Columbia (via email)
Jeffrey S. DeWitt, Chief Financial Officer, Office of the Chief Financial Officer (via email)
Keith A. Anderson, Director, D.C. Department of General Services (via email)
Jed Ross, Chief Risk Officer, Office of Risk Management (via email)